

NOMINATION OF EDWARD J. GLEIMAN

Y 4. G 74/9: S. HRG. 103-526

Nomination of Edward J. Gleiman, S....

HEARING

BEFORE THE

COMMITTEE ON GOVERNMENTAL AFFAIRS UNITED STATES SENATE

ONE HUNDRED THIRD CONGRESS

SECOND SESSION

ON

NOMINATION OF EDWARD J. GLEIMAN, TO BE A MEMBER OF THE
POSTAL RATE COMMISSION

FEBRUARY 8, 1994

Printed for the use of the Committee on Governmental Affairs



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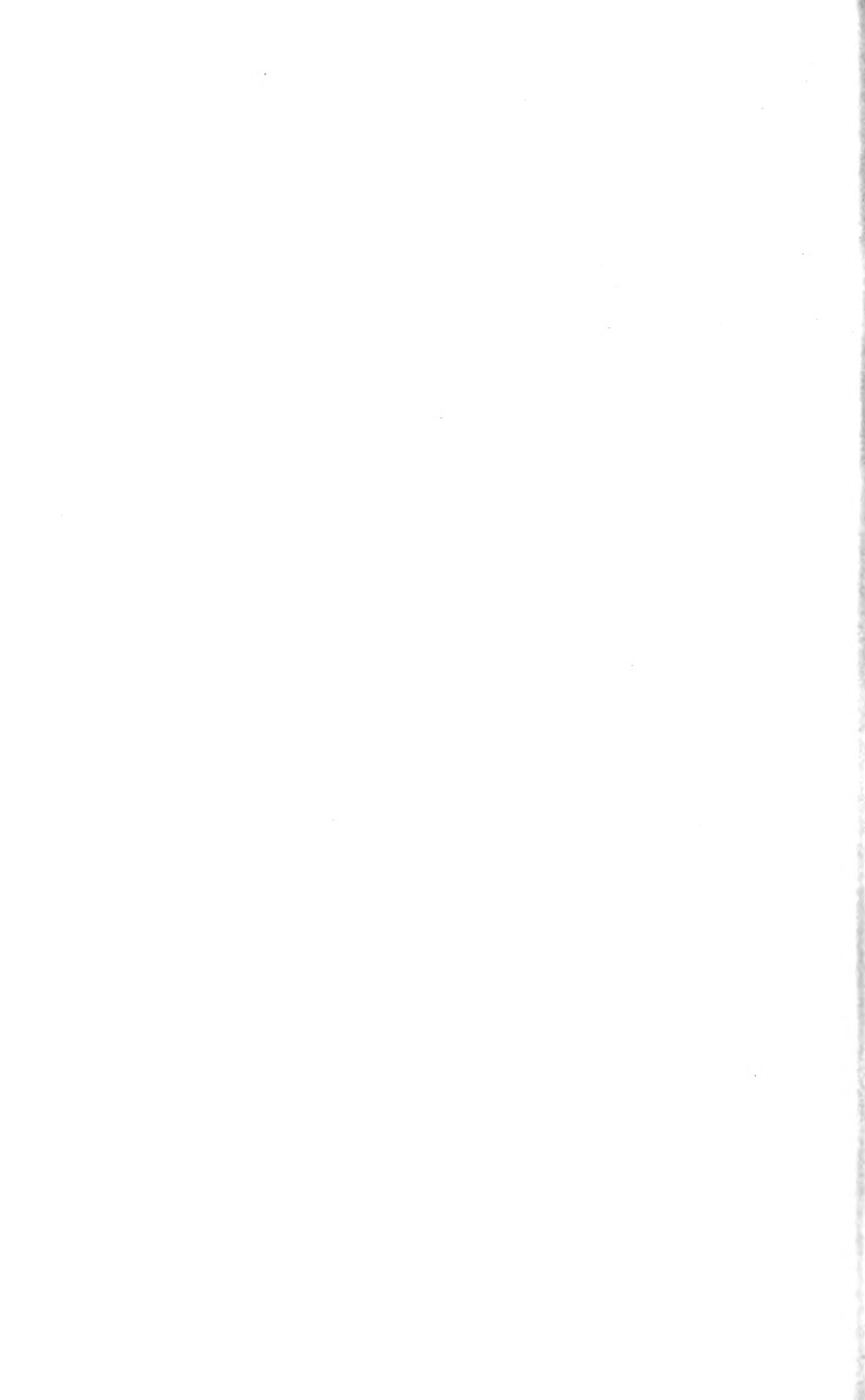
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(III)



NOMINATION HEARING

TUESDAY, FEBRUARY 8, 1994

U.S. SENATE,
COMMITTEE ON GOVERNMENTAL AFFAIRS,
Washington, DC.

The Committee met, pursuant to notice, at 12 p.m. in room SD-342, Dirksen Senate Office Building, Hon. David Pryor presiding.
Present: Senator Pryor.

Staff Present: Doris Clanton, Jane McFarland, Deborah Cohen (Senator Glenn); Susanne Marshall (Senator Roth); Kim Weaver (Senator Pryor); and Pat Raymond (Senator Stevens).

OPENING STATEMENT OF SENATOR PRYOR

Senator PRYOR. Ladies and gentlemen, our hearing will come to order. This is going to be a very quick hearing. Senator Sarbanes and I may have to return to the Senate floor in 5 to 7 minutes for another vote. We have had an avalanche, not a snow storm avalanche, but an avalanche of votes this morning, so we may have to leave here momentarily.

Senator Glenn, the Chairman of the Governmental Affairs Committee, has asked me to chair this morning's full Committee hearing to consider the nomination of Edward J. Gleiman to be a Commissioner of the Postal Rate Commission and, upon his confirmation, to be designated as the Chairman of the Postal Rate Commission.

Before I go any further, I note with great satisfaction that the very distinguished senior Senator from the State of Maryland is at the witness table with the nominee and, if I might, I would like to call on the Honorable Paul Sarbanes.

TESTIMONY OF THE HON. PAUL SARBANES, U.S. SENATOR FROM THE STATE OF MARYLAND

Senator SARBANES. Well, thank you very much, Mr. Chairman. I am delighted to be here and have this opportunity to say a few words in very strong support of Ed Gleiman's nomination to the Postal Rate Commission and, as you noted, his designation as Chairman upon confirmation.

Ed Gleiman, now a resident of Colesville, Maryland, but originally a native of Baltimore, has compiled a very distinguished record in over 25 years of service in the Federal Government. I hardly need to come here to this table to tell you with what distinction he has served as Staff Director of the Governmental Affairs

Subcommittee on Post Office and Civil Service. I always thought that Subcommittee did marvelous work and I attributed it a great deal of it to its Chairman, but I am led to believe that the staff director had a great deal to do with it as well. [Laughter.]

Previous to serving here, of course, he worked on the House side for the House Governmental Operations Subcommittee on Government Information, Justice and Agriculture as professional staff and counsel. Before coming to the Hill, he worked, of course, in the executive branch in the Office of Secretary and as budget analyst at HEW and, before going to HEW, as coordinator of field operations for the Cost of Living Council. Ed began his Government career as an examiner in the U.S. Patent Office.

The Postal Rate Commission actually makes decisions which impact the public in a very tangible and conspicuous way, and I think we are fortunate the President has nominated someone to lead the Commission who has widely recognized expertise in postal issues. We can be assured that Ed's demonstrated knowledge in this area, together with his careful, thoughtful approach to policy questions and his steady decisionmaking capacity, will serve the Commission and the Nation well.

Mr. Chairman, if I may say so, Ed Gleiman is one of many distinguished public servants who got their start in the Maryland public school system. Ed, a native of Baltimore, attended Baltimore Polytechnic High School. He earned his bachelor of science degree from Loyola College in Baltimore, went on to do graduate studies in biochemistry at the Johns Hopkins University, and subsequently got his law degree from the University of Baltimore, while at the same time working at the Patent Office.

He has lived in Montgomery County since 1970 with his wife, Rhona, who is here with us today, and their two children. His commitment to public service extends to his community, where he has been very active in a number of civic associations, youth groups, the county's eastern area recreation adviser. I mean, this is a very solid citizen who does his work here in meeting his public responsibilities and then goes home and meets his public responsibilities.

I strongly commend the President for nominating Ed Gleiman to serve as Chairman of the Postal Rate Commission. I think his depth of experience and his demonstrated expertise in postal issues make him the right man for this job.

In closing, let me simply note that last year Ed received an award from the Public Employees Roundtable for excellence in support of public service. This tribute was well deserved, and as we consider his nomination here today I think I would like to take this opportunity to thank him for his dedicated years of service to the Congress and wish him the very best as he prepares for the new challenges that lie ahead of him.

Thank you very much.

Senator PRYOR. Senator Sarbanes, thank you very much for being here this morning.

Senator SARBANES. Mr. Chairman, I will leave him in your tender mercies, if that is the right way to put the term.

Senator PRYOR. I want to express apologies from Senator Glenn, who told me moments ago that he doubted he could be present for the hearing today—he is represented by staff—and Senator Ste-

vens, who said that he had planned to come to the 11 a.m. meeting, but as we know now, we started an hour late and he could not rearrange his schedule. Ed, I do express his apologies for not being able to be here.

We do have a statement from Senator Levin which we will include in the record.

PREPARED STATEMENT OF SENATOR LEVIN

I am very pleased that we are today considering the nomination of Ed Gleiman to be a member of the Postal Rate Commission—although I have to say that I don't believe anyone in this Committee will have to consider this for very long. His years of experience in the federal government and in Congress make him highly qualified for this position. He has been the staff director of the Subcommittee on Federal Services, Post Office and Civil Service during a time of great transition for the Postal Service and my staff and I have found him to be knowledgeable and helpful.

I do have to say, I'm not sure why someone would want to put themselves in the position of making decisions on postal rate increases and the closing of post offices. There are few issues which affect so many at such a personal level. These are difficult decisions which require objectivity, sensitivity and a detailed knowledge of the issues involved. I believe Ed's significant tenure in public service and his experience on the Subcommittee will serve him well and make him an asset to the Commission.

Senator PRYOR. Ed, at this point, I wonder if there might be any family members or close friends present to share this occasion with you that you would like to recognize and like to be reflected in the record.

Mr. GLEIMAN. Well, I have one family member who happens to be my best friend, my wife, Rhona, who is here today.

Senator PRYOR. Very good.

Mr. GLEIMAN. My kids are—one of them, Seth, is getting a little R and R on the ski slopes up at Lake Placid before he starts his last semester at the University of Delaware. And my daughter, Rachel, I think, is in class right now up at Adelphi University. I know they would have liked to have been here, but school is more important for them right now.

Senator PRYOR. Thank you.

Mr. GLEIMAN. There are a host of other folks who I consider to be my friends. If I start naming them, I am going to forget someone, so I just want to thank them all for being here.

Senator PRYOR. Well, I would just like to say a word, if I might. I was asked last week on the floor of the Senate by Senator Glenn, who said, what are you going to do without Ed Gleiman, and I said I refuse to think about it. I do refuse to think about not having Ed there as close as the telephone and a few moments away from continuing to give his wisdom and his expert advice on any number of affairs.

It has been truly a remarkable relationship that this Committee has had with Ed Gleiman. He has taught all of us, he has inspired all of us, especially me, and I truly don't know what I will do without Ed Gleiman. I hope that at the Postal Rate Commission when I call over there, he will at least remember me and accept my phone calls. [Laughter.]

I just hope that from time to time I can call upon you, Ed, for your advice, counsel, and wisdom which has been so meaningful to me for a number of years, and also to your colleagues on our staffs.

I think the record should also note that the Ed Gleiman fan club is here. Many, many members of the audience today are truly Ed's

fans. I know that they join me in expressing our respect and the loss that all of us feel today in the fact that you are moving on, Ed. We all congratulate you and salute you at this moment.

The four other members of the Postal Rate Commission are present with us today, and I would like for the record to reflect that Trey LeBlanc, George Haley, Ed Quick and Wayne Schley are all present in the audience, and this again is a great tribute to the incoming Chairman of the Postal Rate Commission to have your new colleagues present for this Committee meeting.

The Committee rules require that an inquiry be conducted into each nominee's experience, qualifications and suitability to serve in the position for which the President has nominated this individual. In this regard, the Committee has received from the nominee a financial statement and detailed information on educational, employment and professional accomplishments, and I must say they are many. The nominee has also responded in writing to a number of prehearing questions. Copies of this biographical information and prehearing question responses will be placed in the record as a part of this morning's hearing.

The financial statement will be available for public inspection in the Committee office. Committee staff interviewed the nominee prior to today's hearing. In addition, the staff has reviewed opinion letters regarding the nominee from both the Office of Government Ethics and the designated agency ethics officers. Finally, Senators Glenn and Roth, the Committee Chairman and Ranking Minority Member, have reviewed the FBI background investigation report on the nominee.

Committee rules require that nominees be under oath while testifying on all matters relating to their suitability for office, including the policies and programs which they will pursue while in their respective positions.

So I would like to ask you at this time, Ed, to please stand and raise your right hand. Do you swear to tell the truth, the whole truth and nothing but the truth, so help you God?

Mr. GLEIMAN. I do.

Senator PRYOR. Do you have a statement that you would like to make? Any prepared statement will be inserted in the record and you are free to say anything you would like. At this point, we think that that would be appropriate.

By the way, I think this is the first time that I have ever done one of these hearings where you didn't prepare all the information, or maybe you did prepare it, I don't know. [Laughter.]

TESTIMONY OF EDWARD J. GLEIMAN, TO BE A MEMBER OF THE POSTAL RATE COMMISSION

Mr. GLEIMAN. I tried, Senator, but the other staff members wouldn't allow me to.

My colleagues in the Subcommittee and in the personal office suggested that I be briefer today with my comments than I am in staff meetings, and I will try.

Senator PRYOR. Take all the time you need.

Mr. GLEIMAN. It is my privilege and real honor to be here today. However, I must tell you it feels somewhat odd sitting here on this side of the table after spending so many years up there. I know I

would be a lot more comfortable if I were up there kneeling down next to you and either scribbling a note or perhaps whispering my comments to you.

Senator PRYOR. I could never read your writing anyway. [Laughter.]

Mr. GLEIMAN. I wondered why you never asked any of the questions. [Laughter.]

I must tell you that it never occurred to me when I came to Washington 26 years ago to work at the Patent Office that I might have the occasion, as I do today, to express my appreciation to a President, to President Clinton, for the confidence he has shown in me by nominating me to this position, or to thank a group of Senators—you, the other Members of the Committee, especially Senators Glenn, Stevens and Levin; my own Senators, Mikulski and Sarbanes, but especially you, Senator Pryor, for all of your support. I want you to know that I have a keen appreciation for the trust being placed in me and, if confirmed, I pledge that I will discharge my duties to the best of my ability.

Thank you.

Senator PRYOR. Thank you very much. I have three questions now, Ed, I must ask. Is there anything that you are aware of in your background that might present a conflict of interest with the duties of the office to which you have been nominated?

Mr. GLEIMAN. No, sir.

Senator PRYOR. Do you know of any reason, personal or otherwise, that would in any way prevent you from fully and honorably discharging the responsibilities of the office to which you have been nominated?

Mr. GLEIMAN. No, sir.

Senator PRYOR. If confirmed, do you agree, without reservation, to appear and to testify before any duly constituted committee of the Congress?

Mr. GLEIMAN. Yes, sir, and I hope that if I have that opportunity I won't be nervous then as I am today.

Senator PRYOR. Well, we know that you are anxious to get in place at the Postal Rate Commission. You have a lot of responsibilities ahead, especially since you have a rate case, as I understand it, coming as early as next month, and I know the Commission needs you there. I am certain that Senator Glenn has every intention of moving expeditiously to see that the Committee and the full Senate complete consideration of this nomination before the upcoming recess. The hearing record will nevertheless be kept open so that Members of the Committee may have an opportunity to submit additional written questions to you.

I want to thank you again, Ed, and, on behalf of all us here today, wish you the very best. I guess, like the preacher, I should ask if anybody wants to say anything, you had better speak now or forever hold your peace because I think this nominee is going to sail through with flying colors. He has made a lot of friends on this Hill. He has a lot of support and many, many people have the utmost confidence in Ed Gleiman, and I am sure it will be expressed in the coming hours or days in the U.S. Senate.

If there is no further discussion, this hearing stands adjourned. Congratulations.

Mr. GLEIMAN. Thank you, sir.

[Whereupon, at 12:15 p.m., the Committee was adjourned.]

A P P E N D I X

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

A. BIOGRAPHICAL INFORMATION

1. Name: (Include any former names used.)
Edward Jay Gleiman.
2. Position to which nominated:
Member, Postal Rate Commission.
3. Date of nomination:
January 26, 1994.
4. Address: (List current place of residence and office addresses.)
Residence—14921 Wellwood Road, Silver Spring, MD 20905.
Office—Subcommittee on Federal Services, Post Office and Civil Service,
601 Hart Senate Office Building, Washington, DC 20510.
5. Date and place of birth:
March 23, 1942; Baltimore, MD.
6. Marital status: (Include maiden name of wife or husband's name.)
Married to the former Rhona Sheer, August 17, 1965.
7. Names and ages of children:
Seth Sheer Gleiman, age 21.
Rachel Sheer Gleiman, age 18.
8. Education: List secondary and higher education institutions, dates attended,
degree received and date degree granted.
Baltimore Polytechnic High School, 1957–1960, College Preparatory
Course.
Loyola College of Baltimore, 1960–1965, B.S. Major in Biology, Minor in
Chemistry.
Johns Hopkins University, 1965–1967, part-time special/graduate stu-
dent, No degree.
University of Baltimore School of Law, 1967–1971, J.D.
9. Employment record: List all jobs held since college, including the title or de-
scription of job, name of employer, location of work, and dates of employment.
1965–1967, Research Assistant, Sinai Hospital, Baltimore, Maryland.
1967–1968, Environmental Sanitarian, Baltimore County Health Depart-
ment, Towson, Maryland.
1968–1971, Patent Examiner, U.S. Patent Office, Arlington, Virginia.
1971–1971, Attorney/Advisor (Detail from Patent Office), U.S. Office of
Emergency Preparedness, Washington, D.C.
1971–1973, Coordinator of Field Operations; Deputy, Director for Policy
Coordination and Liaison, U.S. Price Commission-Cost of Living Council,
Washington, D.C.
1973–1974, Management Analyst, Management Control Staff, Depart-
ment of Health, Education and Welfare, Washington, D.C.
1974–1977, Director, Fair Information Practices Staff, Department of
Health, Education and Welfare, Washington, D.C.
1977–1987, Professional Staff Member/Counsel, Subcommittee of Govern-
ment Information, Justice and Agriculture, House Government Operations
Committee, Washington, D.C.
1987–1994, Staff Director, Subcommittee of Federal Services, Post Office
and Civil Service, Senate Governmental Affairs Committee, Washington,
D.C.
10. Military Service: List any military service, including dates, rank, and type of
discharge.

None.

11. Government experience: List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.

1988-1989, Member, Eastern Area Recreation Advisory Board, Montgomery County, Maryland.

12. Previous Appointments: Prior to this appointment, have you ever been nominated for a position requiring confirmation by the Senate? If so, please list each such position, including the date of nomination, Senate confirmation, and Committee hearing, if any.

No.

13. Business relationships: List all positions held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.

None.

14. Memberships: List all memberships and offices held in professional, business, fraternal, scholarly, civic, public, charitable and other organizations.

None currently.

15. Political affiliations and activities:

(a) List all offices with a political party which you have held or any public office for which you have been a candidate.

None.

(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.

I am registered as an independent in Montgomery County, Maryland. I have held no offices in any political party. I have not provided any services to a political party or election committee.

(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of \$50 or more for the past 5 years.

1992—Clinton for President—\$155.

16. Honors and awards: List all scholarships, fellowships, honorary degrees, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.

1993—Public Employees Roundtable Chairman's Award.

1973—U.S. Price Commission Distinguished Service Award.

1970—U.S. Patent Office Special Achievement Award.

17. Published writings: List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written. It would be helpful for the Committee to have three copies of each published writing. Please denote any of those for which you are unable to provide copies.

Scientific Publications:

Modification of Erythrocyte Membrane Acetylcholinesterase by Fluorinated Dinitrobenzene, (with Herz and Kaplan). Fed. Proc. March-April 1967.

Erythrocyte Enzyme Activity in Negroes, (with Herz and Kaplan) Lancet, March 4, 1967.

Acetylcholinesterase Activity in Erythrocytes of Fetal, Newborn and Adult Sheep, (with Herz and Kaplan). Proc. Soc. 1967, vol. 124.

*Congressional Reports, Legislative and Investigative:*¹

Presidential Records Act of 1978, House Report 95-1487, Part I.

Acceptance and Use of Records by the General Services Administration, House Report 95-1522.

National Historical and Records Commission, House Report 96-141.

National Archives Film-Vault Fire, Suitland, Maryland, December 7, 1978, House Report 96-547.

Continued Need for the Veterans Administration's Records Processing Center in St. Louis, House Report 96-1449.

U.S. Postal Service Plan for the Nine-Digit ZIP Code, House Report 96-1531.

Extending the Authorization for the NHPRC, House Report 97-39.

Privacy Act Amendments, House Report 97-147, Part I.

The Nine-Digit ZIP Code Investment: More Digits, Less Savings, House Report 97-397.

¹ Authored in whole or part.

Presidential Libraries: Unexplored Funding Alternatives, House Report 97-732.

Postal Service Electronic Mail: The Price Isn't Right, House Report 97-919.

Postal Service Electronic Mail: The Price Still Isn't Right, House Report 98-552.

Intelpost: A Postal Service Failure in International Electronic Mail, House Report 98-675.

National Archives and Records Administration Act of 1984, House Report 98-707.

Preservation and Management of Presidential Records, House Report 98-856.

Buying Blind and Flying Empty: The Postal Service Executive Jet, House Report 99-915.

Access to the Nixon Presidential Materials Should Be Governed by NARA Regulations, Not OMB or DOJ Actions, House Report 99-961.

Hatch Act Reform Amendments of 1988, H.R. 3400, Senate Report 100-417.

Forest Wildfire Pay Emergency Act, Senate Report 100-546.

Federal Employees Leave Sharing Act of 1988, Senate Report 100-437.

Whistleblower Protection Act of 1988, S. 508, Senate Report 100-422.

Postal Service Budgetary Treatment Act of 1988, Senate Report 100-427.

Deceptive Mailings Prevention Act of 1990, Senate Report 101-464.

18. Speeches: Provide the Committee with three copies of any formal speeches you have delivered during the last 5 years of which you have copies and are on topics relevant to the position for which you have been nominated.

None.

19. Congressional Testimony: Have you ever testified before a Committee of the Congress? If so, please provide details, including date(s).

None.

20. Selection:

(a) Do you know why you were chosen for this nomination by the President?

Last winter I contacted the Clinton-Gore transition team regarding my interest in the Postal Rate Commission. In the months that followed, a number of Members contacted the White House on my behalf. I believe that a combination of my experience in postal matters and the level of support I received lead to my selection.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

For the past fourteen years I have been deeply involved in a wide range of legislative and investigatory matters pertaining to both the U.S. Postal Service and the Postal Rate Commission. This involvement has enabled me to gain an understanding of the complexity of postal finances and rate-making, and the relative importance of our postal system to the overall economy.

B. FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

Yes.

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

I have no plans for outside employment.

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization?

No.

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

No.

5. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?

Yes.

C. POTENTIAL CONFLICTS OF INTEREST

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients or customers.

I have no such arrangements or agreements.

2. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

I have no investments, etc., which might involve a potential conflict of interest.

3. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

I have had no such business dealings or relationships.

4. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.

As a member of the staff of a House Government Operations Subcommittee and, more recently, of a Senate Governmental Affairs Subcommittee, I have been involved on behalf of my principals in numerous legislative activities.

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide copies of any trust or other agreements.)

Should a question arise concerning a potential conflict of interest, I will consult with counsel and the agency ethics officer and take whatever action, including recusal, that may be required.

6. Do you agree to have written opinions provided to the Committee by the designated agency ethics officer of the agency to which you are nominated and by the Office of Government Ethics concerning potential conflicts of interest or any legal impediments to your serving in this position?

Yes.

D. LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

No.

2. Have you ever been investigated, arrested, charged or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, county or municipal law, regulation or ordinance, other than a minor traffic offense? If so, provide details.

No.

3. Have you or any business of which you are or were an officer ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

No.

4. Have you ever been convicted (including pleas of guilty or nolo contendere) of any criminal violation other than a minor traffic offense?

No.

5. Please advise the Committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

None.

E. FINANCIAL DATA

(Retained in Committee Files.)

AFFIDAVIT

Edward Jay Gleiman being duly sworn, hereby states that he has read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of his knowledge, current, accurate, and complete.

Edward Jay Gleiman

Subscribed and sworn before me this 10th day of 1991

John W. Trimble
Notary Public

My Commission Expires January 31, 1994

WRITTEN QUESTIONS TO EDWARD JAY GLEIMAN AND THE RESPONSES

I. NOMINATION PROCESS AND POTENTIAL CONFLICTS

Question 1. Were any conditions, expressed or implied, attached to your nomination to be a Commissioner of the Postal Rate Commission?

Answer. No.

Question 2. Have you made any specific commitments with respect to the basic policies and philosophy which you will follow while a Commissioner of the Postal Rate Commission? If so, please describe these commitments.

Answer. I have not made any such commitments.

Question 3. To your knowledge, did persons representing interests subject to Postal Rate Commission regulation actively support or endorse your appointment? If so, please provide details of those activities.

Answer. I have no knowledge of any such support or endorsements.

Question 4. Is there currently any issue under consideration by the Postal Rate Commission, or any which may come under consideration, from which you may have to disqualify yourself? If so, please explain.

Answer. I am not aware of any issues from which I may have to disqualify myself.

Question 5. Do you have any interest in any corporation, partnership, association, or other entity which is a significant user of the mails or whose interest may be affected significantly by the levels of postage rates or degree of postal service?

Answer. I have no such interest, financial or otherwise.

II. ROLE AND RESPONSIBILITIES OF THE POSTAL RATE COMMISSION

Question 1. What do you believe are the most important responsibilities of the Postal Rate Commission?

Answer. The most important responsibilities of the Postal Rate Commission are to consider and recommend proposed changes in postal rates, fees and mail classification, in accordance with applicable law; to consider and provide advice on proposed changes in the nature of postal services; to consider the appeals of postal patrons relative to post office closings; and to investigate complaints concerning rates, classifications and service.

Question 2. What challenges do you expect to face as a Commissioner of the Postal Rate Commission?

Answer. The most immediate challenge I will face is to prepare for the rate case which many expect will be filed in March.

Question 3. What will be your top priorities and objectives as a Member of the Commission?

Answer. In addition to meeting the immediate challenge of preparing for the anticipated rate case, I hope to work with postal officials and other interested parties to improve the ratemaking process in a fair and equitable manner.

Question 4. What contributions do you feel you can make to the Postal Service as a Commissioner of the Postal Rate Commission?

Answer. The most important contribution I can make as a Commissioner is not to the Postal Service, per se, but rather to those who use the U.S. Mail; that is, to act in a manner, consistent with law, that will ensure the continued viability of and improvement in our universal postal system.

III. RATEMAKING

In March 1992, GAO issued a report to Congress on how the ratemaking process has adversely affected the Postal Service's ability to compete in a changing competitive environment. The report provided an in-depth discussion on the ratemaking controversies between the Board of Governors and the Postal Rate Commission (PRC), which centers on the interpretation of the rate criteria set forth in the law and the use of demand factors in pricing postal services.

These controversies were manifested recently when the PRC did not accept the classification and rates that the Board had proposed for Bulk Small Parcel Service (BSPS), an area in which the Postal Service faces stiff competition. The PRC recommended a BSPS rate that is 7 percent below the otherwise applicable parcel post rate. The Board had proposed an overall BSPS discount of 26 percent. The PRC's recommended rate was criticized by some large mailers, including the Advertising Mail Marketing Association which called the PRC's recommendation "virtually worthless." As indicated in the above mentioned GAO report, Board-PRC relations have been adversarial historically and the ratemaking process is regarded as rigid and protracted.

Question 1. Although the postal ratemaking process is obviously complicated and must encompass a broad range of factors and special interests, what is your predisposition toward working with the Postal Service to (1) reform the ratemaking process, and (2) establish rates that strike an appropriate balance between responding to the highly competitive communications market in which the Postal Service must operate while also maintaining efficient, universal mail service for all communities? Specifically, what are your views on the procedural elements of the postal ratemaking process and on the principles that should be used in setting postal rates?

Answer. I look forward to working with the Congress, the Postal Service and other interested parties both in reform of the ratemaking process and finding means to ensure the continued viability of our Postal Service. I am especially interested in revitalizing the type of joint PRC-Postal Governors effort, which resulted in the June 1992 report entitled "Postal Ratemaking in a Time of Change", and I hope for a stronger commitment from postal management than appears to have been the case in connection with the earlier effort.

I am not prepared at this time to provide specifics as to procedural elements or rate setting principles that should be considered beyond those currently in statute or the Commission's rules. To do otherwise at this point in time might be construed as a prejudice on my part with respect to the rate case that I anticipated will be filed in the near future.

I would like to comment briefly on the preamble to this set of questions, which references the March 1992 GAO report on postal pricing in a competitive environment and mentions the negative reaction by an industry group to the PRC's Bulk Small Parcel Service recommendation. With respect to the report, it is not altogether clear that the GAO accurately depicts the manner in which the PRC administers the ratemaking statute and appears to reflect a lack of understanding on the part of the GAO of the statutory and other legal constraints pursuant to which the PRC must operate.

The comments of a party at interest in the BSPS case, to the effect that the PRC's recommendations are "virtually worthless", should be viewed in the context that some member businesses of that organization would have preferred the financial benefits of larger discounts and not as a manifestation of the complexities of rate-making in a competitive environment or of an adversarial relationship between the PRC and the Postal Service. The same organization was equally incensed, just recently, when the Postal Service refused to provide data on automation to the PRC in connection with a costing docket it and others in the business mailers community had urged the PRC to undertake.

Question 2. Given that the Postal Service is embarking on a renewed quest for new revenues by competing directly with the private sector in areas such as expedited delivery, communications, and retail outlets, what are your views regarding the Postal Service's policy and strategy of aggressively competing against private sector companies that are providing, or can provide, the same or better service as efficiently or more so than the Postal Service?

Answer. While I understand the need for and support the concept of a universal postal system, I am not sure that I fully understand the Postal Service's policy and strategy for competing with private sector companies. In areas where the Postal Service does intend to compete to recapture lost market share or by offering new products, it is important for both the Service and the PRC to ensure these efforts are not subsidized with monopoly revenues beyond, that is, a reasonable and pre-

viously approved level designed to facilitate new offerings. Having said this, I think it is clear that the extent to which the Postal Service should be permitted to compete in the broader context of communications is an important public policy issue that touches on the very future of the Postal Service.

Question 3. Postal Service competitors in the international market have raised concern that the Postal Service's international mail prices do not recover cost and thus should be regulated by PRC. What is your view on whether the PRC should have the authority to oversee international rates?

Answer. I do not believe that it is necessary for the PRC to have a authority to oversee international rates in order to ensure that the Postal Service is covering its costs in this arena. However, in order to ensure that there is no cross subsidization of international postal activities by the domestic market, the Postal Service should be required to provide adequate and timely data on a continuing basis so as to enable the PRC to monitor this situation.

That the Postal Service is more than a bit reluctant to provide the necessary data is clear from its refusal to cooperate with the PRC in a study of this very issue requested by Senators Stevens and Pryor in the fall of 1992. Even after the study protocol was substantially revised to ensure protection of data considered by the Service to be commercial sensitive and of potential value to its international competitors, the Service continued to refuse to cooperate in the study.

Question 4. During hearings last year, the PRC raised a number of concerns resulting from the Postal Service's reorganization. One concern was the availability of information on Postal Service operations. What information do you believe is needed on a routine basis from the Postal Service, and how do you propose to work with them to obtain that needed information?

Answer. I believe that the hearings referred to in the question were before the House Post Office and Civil Service Committee. If this is the case, my recollection is that the PRC witness raised questions about the Postal Service decision to suspend issuance of accounting period and quarterly reports previously available to the Congress, the general public and the PRC. It is my understanding that, following these hearings, Chairman Clay sent a memorandum to the Postmaster General urging him to reinstitute these standard reports.

Given its responsibilities, the PRC needs much more data than is contained in these standard reports. PRC rules, at 39 CFR 3001.101, set forth the current data and reporting requirements. While it may be that these rules, issued in 1986, need to be reviewed and updated, what I have seen during the past few years (the suspension of standard reports, refusal to cooperate in the Stevens/Pryor-requested international study and decision to ignore the industry-requested PRC docket on automation costing) leads me to believe that the Postal Service needs to be much more forthcoming in terms of providing information to the PRC. This is especially true if the PRC is to be a resource for the Congress on postal issues and, even more important, if the Postal Service hopes to achieve its objective of faster turnaround on and more flexibility in rate cases.

Question 5. Over the last year, the PMG has expressed concerns about classification of the mail and has suggested that reclassification of mail may be appropriate. Do you believe there is a need for reclassification of the mail? If so, why and what are your suggestions?

Answer. The current mail classification system has been in existence since well before enactment of the Postal Reorganization Act of 1970. Over the years, there have been numerous changes in both mail processing and mail preparation. This situation alone would seem to support the need for an examination of the current system. I am reluctant to offer specific suggestions since it is imperative that the PRC keep an open mind with respect to issues that may come before it. However, I believe it is important to recognize that changes in the current system could have a significant impact on major segments of the mailing community and, ultimately, the future of the Postal Service. Consequently, and since existing law provides only ninety days for consideration of even the most complex classification proposals, a successful reclassification effort would be highly dependent upon the timely availability of essential information from the Postal Service.

VI. AUTOMATION

The Postal Service has long pursued a mail processing automation program, with the investment ultimately to exceed \$5 billion. This investment is said to be wise because it will supposedly eliminate the need for about 84,000 employees and eventually reduce cost by more than \$5 billion. Intuitively, postal automation does have the potential of producing huge savings. However, postal costs and losses keep

mounting irrespective of inflationary trends, and managers can't identify savings from the automation program with any certainty.

The Postal Rate Commission, in past studies, concluded that automation has not achieved its objectives and has had little, if any, favorable affect on postage rates and Postal Service productivity. It is not at all clear why the Postal Service can't achieve its claimed savings. One barrier appears to be insufficient customer participation in the application of bar codes to mail. However, it is generally recognized that the incentives for mailer bar coding ("discount rates") are out of sync with automation objectives. Consequently, mailers provide mail to the Postal Service in a manner that creates much more work, higher processing cost, and ultimately higher postal rates than would be necessary if rates were designed for greater economy and efficiency in both mailer and Postal Service operations.

Question 1. Do you see the PRC as having a role and potential contribution by further studying automation and possibly identifying why it is not accomplishing more?

Answer. The PRC can play a part in examining the automation effort. As mentioned above, the PRC initiated a docket (study) of mail processing costs in July of 1992. Unfortunately, and to the chagrin of many in the business mailers' community, the PRC recently terminated the docket. Apparently, after fourteen months of dilatory tactics, the Postal Service determined it was unable to both prepare for a rate case and participate in a study of the effect of automation on Postal Service costs. If the PRC is to play a role, the cooperation of the Postal Service will be necessary.

Question 2. How do you see the PRC supporting the Postal Service in efforts to restructure rates so as to encourage mailer bar coding and ultimately achieve the promised benefits of automation?

Answer. The PRC has approved automation-related and other worksharing discounts in the past, which were designed to encourage mailers to participate more fully in Service programs, and will continue to do so. However, all rates, including those discounted for mailer preparation of automation-friendly mail, must be based on the data collection by the Service and presented to the PRC.

Whether rates can be restructured sufficiently to enable the Postal Service to "ultimately achieve the promised benefits of automation" is another matter. There are many reasons why the promised benefits of automation have not and may never be achieved which have little to do with rate restructuring or discounts. Over the years, the Service has had great difficulty identifying and capturing automation-related savings. As noted by GAO in its testimony last year before the House Post Office Committee, when savings are identified, they are frequently outstripped by increases in labor and other costs. Additionally, the Postal Service has experienced difficulty in fully integrating its automated equipment into the mail processing system and in realizing the level of equipment performance upon which savings projections have been based.

V. REVENUE PROTECTION

In September 1993, media reports indicated that postal officials had become alarmed following the discovery of a multi-million dollar problem involving fraudulent postage meter schemes. They had reason to be concerned, as metered postage accounts for more than \$18 billion of the \$47 billion in revenue the Postal Service receives annually.

To combat what he described as a growing problem, the Postmaster General stated that the Postal Service was taking steps "to prevent meter fraud" and keep postal customers from having to pay the tab." These steps included (1) the formation of a management action team to implement a plan for dealing with meter fraud, (2) rewards of up to \$50,000 for information resulting in meter fraud convictions, and (3) the establishment of a toll-free hot line for persons wishing to report possible fraud.

Question 1. What do you see as the PRC's role and contribution in assuring that revenue due is actually collected and thus rates are not unnecessarily increased? Specifically, would the PRC conduct studies, hold public hearings, or take other actions to determine if lost revenue due to meter fraud is of such magnitude as to significantly affect the price of postage overall and by class?

Answer. Metered mail is, of course, extremely important in the sense that it enables the Postal Service to avoid costs associated with the production and distribution of stamps. A 1989 Postal Inspection Service report forewarned of the current meter fraud crisis. Apparently, postal management did not pay sufficient attention to that warning. While the PRC could, if requested, conduct studies and/or hold hearings on matters pertaining to meter fraud, it has no authority to direct changes

in postal operations. Consequently, PRC initiatives in the revenue protection arena are limited. The PRC can monitor data provided to it by the Postal Service and recommend changes that might improve the prospects of detecting fraud. The PRC might also provide revenue for protection efforts relative to metered mail. However, the best way to ensure that revenue is collected and rates are not unnecessarily increased is for more attention and a constant re-evaluation of meter activity my management.

VI. RELATIONS WITH CONGRESS

Question 1. Do you agree without reservation to respond to any reasonable summons to appear and testify before any duly constituted committee of the Congress if you are confirmed?

Answer. Yes.

Question 2. Do you agree without reservation to reply to any reasonable request for information from any duly constituted committee of the Congress if you are confirmed?

Answer. Yes.

PREPARED STATEMENT OF SENATOR MIKULSKI

Mr. Chairman, I want to express my support for the nomination of Mr. Edward Gleiman, of Colesville, Maryland, to be the new commissioner of the Postal Rate Commission.

I believe that Mr. Gleiman is an excellent choice for the position of Commissioner of the Postal Rate Commission, and I am confident that he will rise to the challenge of this job. Mr. Gleiman has worked extensively in government and on Capitol Hill and has proven himself to be an effective leader.

As Staff Director and Counsel to the Senate Governmental Affairs Subcommittee on Federal Service, Post Office and Civil Service for 6 years, Mr. Gleiman was a fair, judicious and hard-working manager of legislation and staff. His work on behalf of federal and postal employees was outstanding and valuable. Prior to his work in the Senate, Mr. Gleiman served as counsel to House Government Operations Subcommittee on Government Information, Justice and Agriculture for 10 years.

Ed Gleiman is a native of my home state. He grew up in Baltimore, received his undergraduate college degree and his law degree in Maryland, and now resides in Colesville. He has made a tremendous contribution to my state as well as the country through his service in the Federal Government. Mr. Gleiman will no doubt continue this fine service as commissioner of the Postal Rate Commission.

I urge the Governmental Affairs Committee to advance Mr. Gleiman's nomination in a timely fashion. Thank you of this opportunity to speak on behalf of Mr. Gleiman.





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